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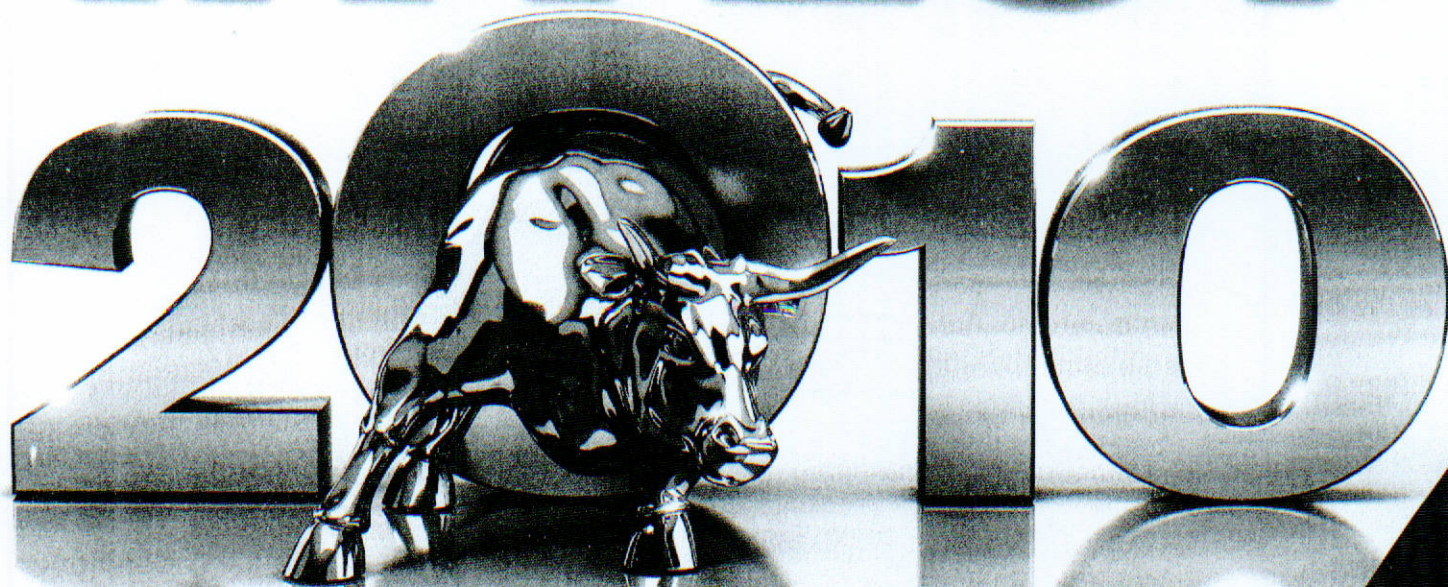
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THE WALL STREET JOURNAL MAGAZINE

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# Hagglers For Hire

Even in this market, finding car bargains can be tricky. Enter: the car broker.

**A**s a serial entrepreneur, Brian Valente figured he knew how to land a good deal and that the \$19,000 he negotiated for a new Honda Element (only \$100 over the dealer invoice) was just that. But that was before the Sherman Oaks, Calif., businessman ran his bargain by Oren Weintraub, a local car buyer's agent, or car "concierge," who said the price could be shaved even further. And Weintraub wasn't kidding—snaring the same car for \$2,000 below invoice from a different dealer. "There's no way I could have negotiated that deal," says a floored Valente.

As Americans start creeping back to car showrooms, a growing number are discovering that someone else can do the dirty work of dickering. The options range from car brokers to buying services offered by credit card companies, warehouse clubs and membership groups. Though hardly new (some AAA chapters have had theirs for over a decade), the idea seems to be enjoying a revival. According to the National Auto Dealers Association, sales from these services and Web sites accounted for some 12 percent of new vehicle sales in 2008, up from 7.4 percent in 2003. "Nobody hates getting a new car," says Scott

Painter, CEO of car-research site TrueCar.com. "But everyone hates dealing with the salesman."

The auto market, of course, remains in a slump, but car brokers and buying services say that only makes them more valuable. Slow sales put dealers under enormous pressure to wring every dollar out of each car. And manufacturers have narrowed buyers' wiggle room by scaling back inventory and incentives. We decided to check in with some of these pros to see

what kind of road map buyers may need for their services.

## The Negotiators

You can pay for anything these days, and that includes letting someone else play Let's Make a Deal for your next car. For a flat fee—anywhere from \$50 to \$1,400, depending on the model—brokers or buyers' agents blitz the phones, scour the Web and try to grind the best price out of dealers. Many of these professional hagglers are former sales-floor veterans who know the industry's sales tactics; Weintraub spent a decade at a Ford dealership, for example, and the self-described deal junkie says he used to "outnegotiate" customers all the time. More important, the pros know that





invoice price isn't the real bottom line, since manufacturers can boost a dealer's profit margins by thousands of dollars with incentive payments (like "holdback" and "stair-step bonuses") that are invisible to the car-buying public.

Buyers still have to do some homework—on the negotiator. States generally require that brokers be licensed and bonded, but almost anyone can call himself a buyer's agent and start acting as a personal shopper. While agents and brokers can both save their clients the hassle of negotiating on their own, they differ in how they're compensated. Agents like Weintraub work for a flat fee paid by the client. Brokers often make money from dealerships by steering business their way—a perfectly legal practice—but they may not pass along all the savings, says Linda Goldberg, head of the National Association of Buyers' Agents. Broker Bob Peralta of Stockton, Calif., for one, doesn't hide the fact that he's often paid by dealers on the side (he won't say how much), but says he still gets clients a better deal: "If I get

\$50, plus an undisclosed fee—if that's less than what you can get, what do you care?"

Experts say the best option is to pick a negotiator who works only for the client. And if you want more than just a haggler, there are full-service pros who promise to hike savings further by negotiating lower lease rates, higher trade-in values and cheaper warranties. Customers often pay these concierges to handle the entire transaction—down to home delivery of the car.



## Have Browser, Will Bargain

Determined to go it alone? Popular car-research sites post target prices they say buyers should aim for, based on what others are "really" paying. But the sites differ—often by several hundreds of dollars. We dug up prices for 10 cars on three popular sites. Below, the averages.\*

### EDMUNDS.COM

AVG. CAR PRICE  
**\$25,024**

Long viewed as the gold standard for "true market value" data, Edmunds fell on the high side in our tests. The company says its target prices account for all "dealer cash" (i.e., financial incentives they receive from carmakers) but don't incorporate other price breaks like low finance rates or buyer rebates, which can vary by region.

### TRUECAR.COM

AVG. CAR PRICE  
**\$24,462**



Still a newcomer, this site impressed us with target prices averaging more than \$500 lower than at our other two test sites. In the spirit of pushing the transparency envelope, TrueCar publishes the most detailed dealer costs. And while critics say the site distorts prices by averaging all transactions, CEO Scott Painter says it actually factors in option packages "down to the accessory"—and excludes wholesale transactions that can skew the data.

### KBB.COM

AVG. CAR PRICE  
**\$25,055**

Best known for its used-car valuations, Kelley Blue Book's Web site also helps new-car buyers by providing in-depth resale and depreciation information. But its price quotes edged consistently highest in our test; KBB says that's because it doesn't automatically include consumer incentives, which shoppers can factor in themselves on its site.

\*Based on a search of 10 popular 2009 and 2010 models within the same zip code.

## The Buying Services

They get little attention, but a host of outfits, including financial firms and warehouse clubs, offer free buying services. Costco, for one, says it sells over 200,000 cars a year through its program, with business up 15 to 20 percent over the past five years. The programs negotiate bulk discounts with dealers and pass the savings to consumers, delivering prices that they say are below market average. AAA's Mid-Atlantic club, for example, says it typically saves members \$500 to \$1,000. For members of Sam's Club, dealers are required to provide VIP treatment at the showroom and no hard sell.

The services do have their limits. Some AAA clubs handle all the negotiations, but others just provide a price online and leave the shopper to bargain for everything else. Warehouse clubbers have to visit a dealership to see the "member" price, which may not include all incentives and rebates. And in most cases, buyers still negotiate their own trade-in price, financing, lease rates or warranty—all areas where dealers can pad profits. Indeed, although Costco advertises that 96 percent of its customers rate their program "good" or "excellent," Services Manager John Gleason concedes "it's not a foolproof process." **S**